

HOUSE No. 261

By Mr. Honan of Boston, petition of Kevin G. Honan that cities and towns be authorized to establish post-retirement insurance liability funds. Public Service.

The Commonwealth of Massachusetts

In the Year Two Thousand and Five.

AN ACT TO PROVIDE FOR APPROPRIATIONS BY A CITY OR TOWN FOR A TRUST FUND TO PROVIDE FOR FUTURE LIABILITIES OF HEALTH INSURANCE FOR RETIREES OF SUCH CITIES AND TOWNS.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 Chapter 32B of the General Laws as so appearing, is hereby
2 amended by inserting after section 3A a new section:—
3 In order to offset the anticipated cost of premium payments for
4 or direct payments to retired employees, and the eligible surviving
5 spouse or dependents of deceased employees pursuant to this
6 chapter, cities, towns, counties, and districts may appropriate such
7 sums as may be approved by the appropriate legislative body.
8 Such amounts shall be credited to a special fund to be known as
9 the post-retirement insurance liability fund. Any interest or other
10 income shall be added to and become part of such fund. The trea-
11 surer of the city, town, county or district shall be the custodian of
12 such fund. Notwithstanding any general or special law to the con-
13 trary, the city council in a city, the selectman in a town, the town
14 council or the district may assign responsibility for investment of
15 the monies in said fund to the retirement board of which the
16 employees of the participating unit are members, or the PRIT
17 Fund. In any event, investment of said monies shall take place in
18 accordance with the standard set forth in subdivision (3) of
19 section 23 of chapter 32. Amounts may be appropriated to such
20 fund for such purposes in a town at an annual town meeting by a
21 majority vote, and in a city by majority vote of the city council.

22 Amounts may be expended from such funds only in accordance
23 with an actuarial schedule of payments developed by the govern-
24 mental unit's chief executive officer and approved by the actuary
25 in the division of insurance and designed to reduce to zero any
26 unfunded liability attributable to the payment of such premiums or
27 direct payments. Such schedule shall be designed to maintain such
28 premium costs or direct payments as a fixed ration of the current
29 and predicted future payroll of the governmental unit or such
30 other acceptable actuarial method that is approved by the actuary
31 in the division of insurance.